

LOUISIANA ENDOWMENT FOR THE HUMANITIES
AND
PRIME TIME FAMILY READING
FINANCIAL STATEMENTS AND
REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS
October 31, 2011

Under provisions of state law this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date **MAR 21 2012**

**LOUISIANA ENDOWMENT FOR THE HUMANITIES
AND
PRIME TIME FAMILY READING**

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Justin J. Scanlan, C.P.A., F.E.C.

A LIMITED LIABILITY COMPANY

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INDEPENDENT AUDITOR'S REPORT

Board of Directors
Louisiana Endowment for the Humanities
and Prime Time Family Reading

We have audited the accompanying combined statement of financial position of the Louisiana Endowment for the Humanities and Prime Time Family Reading (non-profit corporations) as of October 31, 2011, and the related combined statements of activities, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized information has been derived from the Corporation's 2010 financial statements and, in our report dated January 18, 2011, we expressed an unqualified opinion on those financial statements.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Louisiana Endowment for the Humanities and Prime Time Family Reading as of October 31, 2011, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 26, 2012, on our consideration of the Louisiana Endowment for the Humanities and Prime Time Family Reading's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

Our audit was conducted for the purpose of forming an opinion on the combined financial statements taken as a whole. The supplemental schedules listed in the table of contents are presented for the purpose of additional analysis and are not a required part of the combined financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the U.S. Office of Management and Budget Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations," and is not a required part of the combined financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the combined financial statements. The information has been subjected to the auditing procedures applied in the audit of the combined financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statement themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the combined financial statements as a whole.

Justin J. Scanlon, CPA, LLC

New Orleans, Louisiana
January 26, 2012

**LOUISIANA ENDOWMENT FOR THE HUMANITIES
AND
PRIME TIME FAMILY READING
COMBINED STATEMENT OF FINANCIAL POSITION**

October 31, 2011

ASSETS

	<u>OCTOBER 31, 2011</u>	<u>TOTAL MEMORANDUM ONLY OCTOBER 31, 2010</u>
Cash	\$ 1,977,122	\$ 3,246,100
Investment securities (Notes A4, B and G)	2,312,687	284,091
Receivables		
Grant (Notes A5 and C)	124,013	504,826
Other	<u>298</u>	<u>390</u>
	<u>124,311</u>	<u>505,216</u>
Property, building, and equipment-at cost (Notes A6 and D)	1,863,941	1,938,972
Collections – Art (Note A7)	<u>315,006</u>	<u>220,769</u>
Total assets	<u>\$ 6,593,067</u>	<u>\$ 6,195,148</u>

LIABILITIES AND NET ASSETS

Accounts payable and accrued liabilities	<u>\$ 112,761</u>	<u>\$ 173,793</u>
Total liabilities	<u>112,761</u>	<u>173,793</u>
Net assets		
Unrestricted		
General	\$ 1,974,894	\$ 1,658,738
Building	<u>2,300,206</u>	<u>2,218,959</u>
	4,275,100	3,877,697
Temporarily restricted (Note E)	1,911,124	1,866,136
Permanently restricted (Note G)	<u>294,082</u>	<u>277,522</u>
Total net assets	<u>6,480,306</u>	<u>6,021,355</u>
Total liabilities and net assets	<u>\$ 6,593,067</u>	<u>\$ 6,195,148</u>

The accompanying notes are an integral part of this financial statement

**LOUISIANA ENDOWMENT FOR THE HUMANITIES
AND
PRIME TIME FAMILY READING**

COMBINED STATEMENT OF ACTIVITIES

For the year ended October 31, 2011

	<u>UNRESTRICTED</u>	<u>TEMPORARILY RESTRICTED</u>	<u>PERMANENTLY RESTRICTED</u>	<u>TOTAL</u>	<u>TOTAL MEMORANDUM ONLY FOR THE YEAR ENDED OCTOBER 31, 2010</u>
REVENUE					
Government grants	\$ -	\$ 2,239,507	\$ -	\$ 2,239,507	\$ 2,745,329
Contributions	786,311	137,750	4,188	928,249	665,697
Program income	142,373	-	-	142,373	148,368
Investment income (Note B)	25,277	9,619	12,372	47,268	63,723
Building income	267,443	-	-	267,443	252,468
Other	11,999	-	-	11,999	7,814
Net assets released from restrictions	<u>2,341,888</u>	<u>< 2,341,888 ></u>	<u>-</u>	<u>-</u>	<u>-</u>
Total revenue	<u>3,575,291</u>	<u>44,988</u>	<u>16,560</u>	<u>3,636,839</u>	<u>3,883,399</u>
EXPENSES					
Administration	403,377	-	-	403,377	473,399
Program development	268,918	-	-	268,918	371,956
Legislative activities	26,000	-	-	26,000	48,000
Fund raising	199,421	-	-	199,421	198,320
Special projects expense	1,827,967	-	-	1,827,967	2,183,343
Regrants	112,326	-	-	112,326	292,783
Building expense	241,089	-	-	241,089	250,482
Depreciation	<u>98,790</u>	<u>-</u>	<u>-</u>	<u>98,790</u>	<u>96,299</u>
Total expenses	<u>3,177,888</u>	<u>-</u>	<u>-</u>	<u>3,177,888</u>	<u>3,914,582</u>
Increase <decrease> in net assets	397,403	44,988	16,560	458,951	< 31,183 >
Net assets, beginning of year	<u>3,877,697</u>	<u>1,866,136</u>	<u>277,522</u>	<u>6,021,355</u>	<u>6,052,538</u>
Net assets, end of year	<u>\$ 4,275,100</u>	<u>\$ 1,911,124</u>	<u>\$ 294,082</u>	<u>\$ 6,480,306</u>	<u>\$ 6,021,355</u>

The accompanying notes are an integral part of this financial statement

**LOUISIANA ENDOWMENT FOR THE HUMANITIES
AND
PRIME TIME FAMILY READING**

COMBINED STATEMENT OF CASH FLOWS

For the year ended October 31, 2011

Increase <decrease> in cash and cash equivalents

Cash flows from operating activities

Increase in net assets \$ 458,951

Adjustments to reconcile increase in net assets to net
cash provided by operating activities

Depreciation	\$ 98,791	
Unrealized appreciation of investment securities	< 16,706>	

Changes in assets and liabilities

Decrease in grant receivables	380,813	
Decrease in other receivables	92	
Decrease in accounts payable and accrued liabilities	<u>< 61,032></u>	<u>401,958</u>

Net cash provided by operating activities		<u>860,909</u>
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Cash flows from investing activities

Acquisition of equipment	< 16,500>	
Purchase of investment securities	< 2,011,890>	
Purchase of collections – art	< 94,237>	
Capitalization of building improvements	<u>< 7,260></u>	

Net cash used in investing activities		<u>< 2,129,887></u>
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Net decrease in cash and cash equivalents		< 1,268,978>
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Cash and cash equivalents, beginning of year		<u>3,246,100</u>
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Cash and cash equivalents, end of year		<u>\$ 1,977,122</u>
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The accompanying notes are an integral part of this financial statement

**LOUISIANA ENDOWMENT FOR THE HUMANITIES
AND
PRIME TIME FAMILY READING
NOTES TO COMBINED FINANCIAL STATEMENTS**

October 31, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies consistently applied in the preparation of the accompanying financial statements follows

1. Nature of Activities

The Louisiana Endowment for the Humanities is a non-profit corporation organized for the purpose of maintaining a state-based program in the humanities in the State of Louisiana on behalf of its citizens in accordance with the regulations and guidelines established by the Congress of the United States and the National Endowment for the Humanities.

Prime Time Family Reading is a non-profit corporation organized for the purpose of establishing and maintaining a family literacy and reading program in the humanities called Prime Time in the State of Louisiana and in other states of the United States

The combined financial statements include the accounts of Louisiana Endowment For The Humanities and Prime Time Family Reading. They are affiliated by virtue of common control. All significant intercompany transactions have been eliminated in combination.

2. Presentation of Financial Statements

The financial statements are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 958, Presentation of Financial Statements. Accordingly, the net assets of the corporations are classified to present the following classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets.

The net assets and changes therein are classified as follows:

Unrestricted Net Assets – Contributions and other revenue and expenses for the general operation of its programs.

Temporarily Restricted Net Assets – Contributions and other revenues specifically authorized by the donor or grantor to be used for specific purposes.

Permanently Restricted Net Assets – Contributions subject to donor-imposed stipulations that neither expire by the passage of time nor can be fulfilled and removed by actions of the Corporation pursuant to those stipulations.

**LOUISIANA ENDOWMENT FOR THE HUMANITIES
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NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

October 31, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

3. Revenue Recognition

For financial reporting, the corporations recognize all contributed support as income in the period received. Contributed support is reported as unrestricted or restricted depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activity as "net assets released from restrictions."

Grant revenue is recognized as it is earned in accordance with approved contracts.

4. Investments

Investments are presented in accordance with requirements established by the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in the FASB ASC 958-320, Investments-Debt and Equity Securities. Under FASB ASC 958-320 investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Unrealized gains and losses are included in the change in net assets.

5. Receivables

The corporations consider accounts receivable to be fully collectible since the balance consists principally of payments due under governmental contracts. If amounts due become uncollectible, they will be charged to operations when that determination is made.

6. Property, Building and Equipment

Louisiana Endowment For The Humanities and Prime Time Family Reading records property acquisitions at cost. Donated assets are recorded at estimated value at date of donation.

Depreciation is provided for in amounts sufficient to relate the cost of depreciable assets to operations over their estimated service lives, principally on the straight-line method. Depreciation expense for the year ended October 31, 2011 totaled \$98,791.

It is the policy of the corporations to capitalize all property, furniture, and equipment with an acquisition cost in excess of \$5,000.

**LOUISIANA ENDOWMENT FOR THE HUMANITIES
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NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

October 31, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

7. Collections – Art

The art collection consists primarily of John T. Scott's art work. The corporations do not record depreciation on its collections because depreciation is not presently required to be recognized on individual works of art whose economic benefit or service potential is used so slowly that their estimated useful lives are extraordinarily long.

8. Cash Equivalents

For purposes of the statement of cash flows, the Louisiana Endowment for the Humanities and Prime Time Family Reading consider all investments with original maturities of three months or less to be cash equivalents.

9. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from these estimates.

10. Fair Values of Financial Investments

Cash, cash equivalents, and temporary investments carrying amounts reported in the statement of financial position approximate fair values because of the short maturities of those investments. The fair values of marketable securities are based on quoted market prices for those or similar investments.

11. Subsequent Events

The subsequent events of the organization were evaluated through the date the financial statements were available to be issued (January 26, 2012).

12. Functional Allocation of Expenses

The expenses of providing programs and other activities have been summarized on a functional basis in Note K to the financial statements. Certain of those expenses have been allocated among the program and supporting services benefited based on estimates by management of the costs involved.

**LOUISIANA ENDOWMENT FOR THE HUMANITIES
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NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

October 31, 2011

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

13. Total Columns of Combined Statements - Overview

Total columns are captioned "Memorandum Only" to indicate that they are presented only to assist with financial analysis. Data in these columns do not present financial position, results of operations or changes in net assets in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE B – INVESTMENT SECURITIES

Investment securities cost and approximate market values at October 31, 2011, consist of the following:

	<u>Fair Market Value</u>	<u>Cost</u>
Northwest Louisiana Fund	\$ 256,518	\$ 277,672
Greater New Orleans Foundation	51,559	46,561
Mutual Funds - Bond Funds	<u>2,004,610</u>	<u>2,000,276</u>
	<u>\$ 2,312,687</u>	<u>\$ 2,324,509</u>

The unrealized appreciation for the year ended October 31, 2011 totaled \$16,706. The unrealized depreciation as of October 31, 2011 totaled \$11,822.

Investment income for the year ended October 31, 2011, consists of the following:

Interest and dividend income	\$ 30,562
Unrealized appreciation of investment securities	<u>16,706</u>
	<u>\$ 47,268</u>

NOTE C – GRANTS RECEIVABLE

Grants receivable represent the amount of funds awarded but not received at October 31, 2011, as scheduled below:

	<u>Amount</u>
U S Department of Education	<u>\$ 124,013</u>

**LOUISIANA ENDOWMENT FOR THE HUMANITIES
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NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

October 31, 2011

NOTE D – PROPERTY, BUILDING, AND EQUIPMENT

Property, building, and equipment at October 31, 2011 consists of the following

Building	\$ 929,120
Building improvements	866,734
Equipment	<u>118,298</u>
	1,914,152
 Less accumulated depreciation	 <u>< 656,885 ></u>
	1,257,267
 Land	 <u>606,674</u>
	<u>\$ 1,863,941</u>

NOTE E – NET ASSETS – TEMPORARILY RESTRICTED

The Temporarily Restricted Net Assets at October 31, 2011 consist of the following

U S Department of Education	
North Louisiana Exploring the American Experience	
Award # U215X090098	\$ 110,550
Award # U215X100122	17,976
 Restricted Contributions	 1,768,603
 Earnings – Endowment Fund	 <u>13,995</u>
	<u>\$ 1,911,124</u>

NOTE F – RETIREMENT PLAN

The Louisiana Endowment for the Humanities and Prime Time Family Reading sponsor a defined contribution plan covering all employees twenty-one years or older. The participant becomes fully vested after five years. The corporations decide the amount, if any, to contribute each year to the individual retirement accounts for eligible employees based on a percentage of annual compensation. The percentage for the year ended October 31, 2011 was 8% of each participant's salary, and a matching contribution of employee elective deferrals up to 4%. The contribution percentage remained unchanged from the prior year. Contributions to the plan for the year ended October 31, 2011 totaled \$124,477.

**LOUISIANA ENDOWMENT FOR THE HUMANITIES
AND
PRIME TIME FAMILY READING
NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED**

October 31, 2011

NOTE G – PERMANENTLY RESTRICTED NET ASSETS

For the year ended October 31, 2011, Louisiana Endowment For the Humanities had the following endowment-related activities

	Donor-Restricted Endowment Funds	Earnings Temporarily Restricted	Total
Investment return			
Interest and dividend income	\$ -	\$ 9,619	\$ 9,619
Net appreciation	<u>12,372</u>	<u>-</u>	<u>12,372</u>
	12,372	9,619	21,991
Contributions to perpetual endowment	4,188	-	4,188
Amounts appropriated for expenditures	<u>-</u>	<u>< 2,193 ></u>	<u>< 2,193 ></u>
Change in endowment fund	16,560	7,426	23,986
Endowment fund balance,			
Beginning of year	<u>277,522</u>	<u>6,569</u>	<u>284,091</u>
End of year	<u>\$ 294,082</u>	<u>\$ 13,995</u>	<u>\$ 308,077</u>

NOTE H – BOARD OF DIRECTOR'S COMPENSATION

The Board of Directors is a voluntary board, therefore, no compensation was paid to any board member

NOTE I – INCOME TAXES

The Louisiana Endowment for the Humanities and Prime Time Family Reading are exempt from corporate income taxes under Section 501(c)(3) of the Internal Revenue Code

NOTE J – CONCENTRATIONS OF CREDIT RISKS

The corporations' cash balance as of October 31, 2011, before deducting outstanding checks, consists of the following.

Financial institutions	\$ 2,026,147
Less FDIC insurance	<u>< 1,752,162 ></u>
Unsecured balance	<u>\$ 273,985</u>

**LOUISIANA ENDOWMENT FOR THE HUMANITIES
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PRIME TIME FAMILY READING**

NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

October 31, 2011

NOTE K – FUNCTIONAL EXPENSES

The functional expenses for the year ended October 31, 2011 consist of the following

Program Services	
State-based Program in Humanities	\$ 436,994
Louisiana Cultural Vista	225,049
Prime Time	583,298
Relic	99,763
Web-based Encyclopedia	298,027
Teaching American History	<u>567,467</u>
	<u>2,210,598</u>
Supportive Services	
Management and general	767,869
Fund-raising	<u>199,421</u>
	<u>967,290</u>
	<u>\$ 3,177,888</u>

NOTE L – FAIR VALUE MEASUREMENT

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) as set forth in FASB ASC 820-10 requires disclosure of the estimated fair value of certain financial instruments and the methods and significant assumptions used to estimate their fair value. Financial instruments within the scope of FASB ASC 820-10 are included in the table below.

<u>Fair Value Measurement of Reporting Date</u>				
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Investment Securities	<u>\$ 2,312,687</u>	<u>\$ 2,312,687</u>	<u>\$ -</u>	<u>\$ -</u>

The assumptions to estimate fair values are as follows:

- I Investment securities are based on quoted market prices for those or similar investments.

The fair value of cash and cash equivalents, accounts payable and accrued liabilities approximate book value at October 31, 2011 due to the short-term nature of these accounts.

**LOUISIANA ENDOWMENT FOR THE HUMANITIES
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NOTES TO COMBINED FINANCIAL STATEMENTS - CONTINUED

October 31, 2011

NOTE M – ECONOMIC DEPENDENCY

The corporations receive the majority of its revenue from funds provided through grants administered by the National Endowment for the Humanities and the State of Louisiana. The grant amounts are appropriated each year by the federal government and the State of Louisiana. If significant budget cuts are made at the federal or state level, the amount of the funds the corporation receives could be reduced significantly and have an adverse impact on its operation. At the time of completion of the examination of the corporation's financial statements, management was not aware of any actions taken that would adversely affect the amount of funds the corporation will receive in the next fiscal year.

The corporations' are supported primarily through grants from the National Endowment for the Humanities and the State of Louisiana, Department of Higher Education. Approximately 21% of the support was received from the National Endowment for the Humanities and 22% from the State of Louisiana during the year ended October 31, 2011.

SUPPLEMENTAL INFORMATION

**LOUISIANA ENDOWMENT FOR THE HUMANITIES
AND
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COMBINED STATEMENT OF ACTIVITIES

For the year ended October 31, 2011

	LOUISIANA ENDOWMENT FOR THE <u>HUMANITIES</u>	PRIME TIME FAMILY <u>READING</u>	<u>TOTAL</u>
REVENUE			
Grants	\$ 2,239,507	\$ -	\$ 2,239,507
Contributions	928,249	-	928,249
Program income	142,373	-	142,373
Investment income	47,268	-	47,268
Building income	267,443	-	267,443
Other income	<u>11,999</u>	<u>-</u>	<u>11,999</u>
Total Revenue	<u>3,636,839</u>	<u>-</u>	<u>3,636,839</u>
EXPENSES			
Administration and program development	897,716	-	897,716
Special projects expense	1,687,727	140,240	1,827,967
Regrants	112,326	-	112,326
Building expenses	241,089	-	241,089
Depreciation	<u>98,790</u>	<u>-</u>	<u>98,790</u>
Total Expenses	<u>3,037,648</u>	<u>140,240</u>	<u>3,177,888</u>
Increase <decrease> in net assets	599,191	< 140,240>	458,951
Net assets, beginning of year	<u>5,881,115</u>	<u>140,240</u>	<u>6,021,355</u>
Net assets, end of year	<u>\$ 6,480,306</u>	<u>\$ -</u>	<u>\$ 6,480,306</u>

LOUISIANA ENDOWMENT FOR THE HUMANITIES

COMBINED STATEMENT OF ACTIVITIES

For the year ended October 31, 2011

	NEH GRANT SO-50420-11	NEH GRANT BC-50516-10	U.S. DEPARTMENT OF EDUCATION NORTHWEST LOUISIANA: EXPLORING THE AMERICAN EXPERIENCE AWARD # U215X090098	U.S. DEPARTMENT OF EDUCATION NORTHWEST LOUISIANA: EXPLORING THE AMERICAN EXPERIENCE AWARD # U215X100122
REVENUE				
Grants	\$ 770,090	\$ -	\$ 316,827	\$352,590
Contributions	-	-	-	-
Program income	-	-	-	-
Investment income	-	-	-	-
Building income	-	-	-	-
Other income	-	-	-	-
Total Revenue	<u>770,090</u>	<u>-</u>	<u>316,827</u>	<u>352,590</u>
EXPENSES				
Administration and program development	725,090	-	17,290	21,053
Special projects expense	10,000	-	253,906	313,561
Regrants	35,000	23,555	-	-
Building expenses	-	-	-	-
Depreciation	-	-	-	-
Total Expenses	<u>770,090</u>	<u>23,555</u>	<u>271,196</u>	<u>334,614</u>
Increase <decrease> in net assets	-	< 23,555 >	45,631	17,976
Net assets, beginning of year	-	<u>23,555</u>	<u>64,919</u>	-
Net assets end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 110,550</u>	<u>\$ 17,976</u>

LOUISIANA ENDOWMENT FOR THE HUMANITIES
COMBINED STATEMENT OF ACTIVITIES - CONTINUED

For the year ended October 31, 2011

	STATE OF LOUISIANA COOPERATIVE ENDEAVOR AGREEMENT GRANT NO. CEA-2012	STATE OF LOUISIANA DEPARTMENT OF CULTURE, RECREATION AND TOURISM CFMS#-696156	STATE OF LOUISIANA DEPARTMENT OF CULTURE, RECREATION AND TOURISM DCRT-OT-10-24	PERMANENTLY RESTRICTED ENDOWMENT FUND
REVENUE				
Grants	\$ 125,000	\$ 375,000	\$ 300,000	\$ -
Contributions	-	-	-	4,188
Program income	-	-	-	-
Investment income	-	-	-	12,372
Building income	-	-	-	-
Other income	-	-	-	-
Total Revenue	<u>\$ 125,000</u>	<u>\$ 375,000</u>	<u>\$ 300,000</u>	<u>\$ 16,560</u>
EXPENSES				
Administration and program development	-	30,000	-	-
Special projects expense	125,000	318,750	300,000	-
Regrants	-	26,250	-	-
Building expenses	-	-	-	-
Depreciation	-	-	-	-
Total Expenses	<u>125,000</u>	<u>375,000</u>	<u>300,000</u>	<u>-</u>
Increase <decrease> in net assets	-	-	-	16,560
Net assets, beginning of year	-	-	-	<u>271,522</u>
Net assets end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 294,082</u>

LOUISIANA ENDOWMENT FOR THE HUMANITIES
COMBINED STATEMENT OF ACTIVITIES - CONTINUED

For the year ended October 31, 2011

UNRESTRICTED

	<u>EARNINGS ON ENDOWMENT FUND</u>	<u>RESTRICTED CONTRIBUTIONS</u>	<u>GENERAL</u>	<u>BUILDING</u>	<u>ELIMINATIONS</u>	<u>TOTAL</u>
REVENUE						
Grants	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,239,507
Contributions	-	137,750	686,311	100,000	-	928,249
Program income	-	-	143,760	-	< 1,387>	142,373
Investment income	9,619	-	25,277	-	-	47,268
Building income	-	-	-	307,783	< 40,340>	267,443
Other income	-	-	887	11,112	-	11,999
Total Revenue	<u>9,619</u>	<u>137,750</u>	<u>856,235</u>	<u>418,895</u>	<u>< 41,727></u>	<u>3,636,839</u>
EXPENSES						
Administration and program development	2,193	-	142,430	-	< 40,340>	897,716
Special projects expense	-	-	367,897	-	< 1,387>	1,687,727
Regrants	-	-	27,521	-	-	112,326
Building expenses	-	-	-	241,089	-	241,089
Depreciation	-	-	2,231	96,559	-	98,790
Total Expenses	<u>2,193</u>	<u>-</u>	<u>540,079</u>	<u>337,648</u>	<u>< 41,727></u>	<u>3,037,648</u>
Increase <decrease> in net assets	7,426	137,750	316,156	81,247	-	599,191
Net assets, beginning of year	<u>6,569</u>	<u>1,630,853</u>	<u>1,658,738</u>	<u>2,218,959</u>	<u>-</u>	<u>5,881,115</u>
Net assets, end of year	<u>\$ 13,995</u>	<u>\$ 1,768,603</u>	<u>\$ 1,974,894</u>	<u>\$ 2,300,206</u>	<u>\$ -</u>	<u>\$ 6,480,306</u>

Eliminations

1 Intergrant rental income and expenses, and subscriptions were eliminated

**LOUISIANA ENDOWMENT FOR THE HUMANITIES
AND
PRIME TIME FAMILY READING
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

For the year ended October 31, 2011

			<u>LOUISIANA ENDOWMENT FOR THE HUMANITIES</u>	<u>PRIME TIME FAMILY READINGS</u>
	<u>Grant No.</u>	<u>Federal CFDA Number</u>	<u>Total Federal Expenditures</u>	<u>Total Federal Expenditures</u>
National Endowment for the Humanities	SO-50420-11	45 129	\$ 770,090	\$ -
	BC-50516-10	45 168	23,555	-
	GI-50185-10	45 164	-	<u>140,240</u>
Total National Endowment for the Humanities			<u>793,645</u>	<u>140,240</u>
U S Department of Education				
North Louisiana Exploring the American Experience	U215X100122	84 215X	334,614	-
North Louisiana Exploring the American Experience	U215X090098	84 215X	<u>271,196</u>	-
Total U S Department of Education			<u>605,810</u>	-
Total Federal Awards			<u>\$ 1,399,455</u>	<u>\$ 140,240</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

A. Presentation of Financial Statements

The accompanying Schedule of Expenditures of Federal Awards has been prepared on the accrual basis of accounting. Grant revenues are recorded, for financial reporting purposes, when the Louisiana Endowment for the Humanities and Prime Time Family Reading has met the cost reimbursement or funding qualifications for the respective grants.

B. Non-federal Contributions

The non-federal contributions relative to the National Endowment for the Humanities and Prime Time Family Reading grant totaled \$842,326 for the year ended October 31, 2011.

C. Subrecipient Costs

The subrecipient costs for the year ended October 31, 2011 consist of the following:

National Endowment for the Humanities

SO-50420-11	\$ 35,000
BC-50516-10	<u>23,555</u>
	<u>\$ 58,555</u>

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NEW ORLEANS, LOUISIANA 70122

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REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

Independent Auditor's Report

Board of Directors

Louisiana Endowment for the Humanities
and Prime Time Family Reading

We have audited the combined financial statements of the Louisiana Endowment for the Humanities and Prime Time Family Reading (non-profit corporations) as of and for the year ended October 31, 2011, and have issued our report thereon dated January 26, 2012. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Louisiana Endowment for the Humanities and Prime Time Family Reading's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing an opinion on the effectiveness of the Louisiana Endowment for the Humanities and Prime Time Family Reading's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Endowment for the Humanities and Prime Time Family Reading's internal control over financial reporting.

A *deficiency* in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Louisiana Endowment for the Humanities and Prime Time Family Reading's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

This report is intended solely for the information and use of the audit committee, management, Louisiana Legislative Auditor, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Justin J. Scanlon, CPA, LLC

New Orleans, Louisiana
January 26, 2012

Justin J. Scanlan, C.P.A., L.L.C.

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REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Independent Auditor's Report

Board of Directors

**Louisiana Endowment for the Humanities
and Prime Time Family Reading**

Compliance

We have audited the Louisiana Endowment for the Humanities' and Prime Time Family Reading's (a non-profit corporations) compliance with the types of compliance requirements described in the "OMB Circular A-133 Compliance Supplement" that could have a direct and material effect on each of Louisiana Endowment for the Humanities' and Prime Time Family Reading's major federal programs for the year ended October 31, 2011. The Louisiana Endowment for the Humanities' and Prime Time Family Reading's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the Louisiana Endowment for the Humanities' and Prime Time Family Reading's management. Our responsibility is to express an opinion on the Louisiana Endowment for the Humanities' and Prime Time Family Reading's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, "Audits of the States, Local Governments, and Non-Profit Organizations." Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Louisiana Endowment for the Humanities' and Prime Time Family Reading's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Louisiana Endowment for the Humanities' and Prime Time Family Reading's compliance with those requirements.

In our opinion, the Louisiana Endowment for the Humanities' and Prime Time Family Reading complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended October 31, 2011.

Internal Control Over Compliance

The management of the Louisiana Endowment for the Humanities' and Prime Time Family Reading are responsible for establishing and maintaining effective internal control over compliance with

requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Louisiana Endowment for the Humanities and Prime Time Family Reading's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Louisiana Endowment for the Humanities' and Prime Time Family Reading's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

This report is intended solely for the information and use of the audit committee, management, Louisiana Legislative Auditor, Board of Directors, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.



New Orleans, Louisiana
January 26, 2012

**LOUISIANA ENDOWMENT FOR THE HUMANITIES
AND
PRIME TIME FAMILY READING**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the year ended October 31, 2011

A. SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of auditor's report issued Unqualified

Internal control over financial reporting

- | | | |
|---|-----------------|----------------------------|
| • Material weakness(es) identified? | <u> </u> yes | <u> X </u> no |
| • Significant deficiency(ies) identified? | <u> </u> yes | <u> X </u> none reported |
| Noncompliance material to financial statements noted? | <u> </u> yes | <u> X </u> no |

Federal Awards

Internal control over major programs

- | | | |
|---|-----------------|----------------------------|
| • Material weakness(es) identified? | <u> </u> yes | <u> X </u> no |
| • Significant deficiency(ies) identified? | <u> </u> yes | <u> X </u> none reported |

Type of auditor's report issued on compliance for major programs Unqualified

Any audit findings disclosed that are required to be reported
in accordance with Section 510(a) of OMB Circular A-133? yes X no

Identification of major programs

National Endowment for the Humanities
Grant No SO-50420-11 (CFDA# 45.129)

U S Department of Education –
Northwest Louisiana Exploring the American
Experience (CFDA #84 215X)

Dollar threshold used to distinguish between type A and B
programs \$300,000

Auditee qualified as low-risk auditee? X yes no

**LOUISIANA ENDOWMENT FOR THE HUMANITIES
AND
PRIME TIME FAMILY READING**

SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED

For the year ended October 31, 2011

B. FINANCIAL STATEMENT FINDINGS

There were no findings related to the financial statements for the year ended October 31, 2011

C. FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

There were no items identified in the course of our testing during the current year required to be reported

D. STATUS OF PRIOR YEAR AUDIT FINDINGS

There were no prior year audit findings